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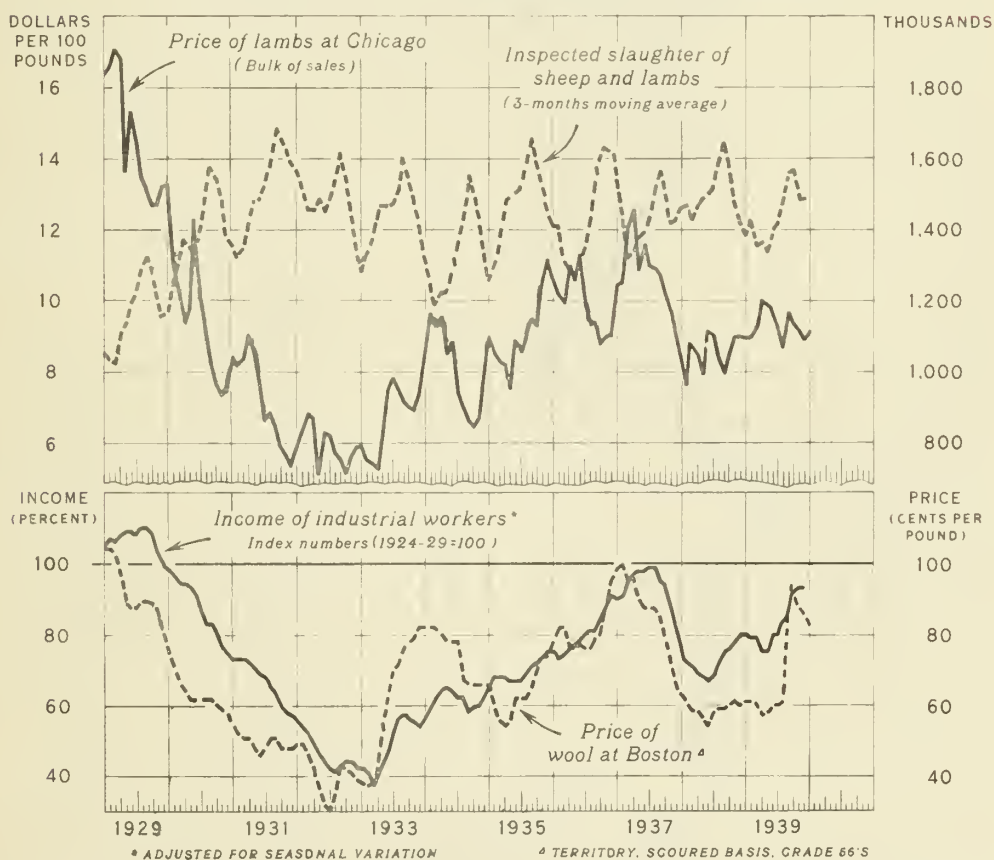
UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
WASHINGTON

FEBRUARY 20, 1940

LS-8

THE LIVESTOCK SITUATION

PRICE OF LAMBS AT CHICAGO, INSPECTED SLAUGHTER OF SHEEP AND LAMBS, AND INCOME OF INDUSTRIAL WORKERS, UNITED STATES, AND PRICE OF WOOL AT BOSTON, 1929-40



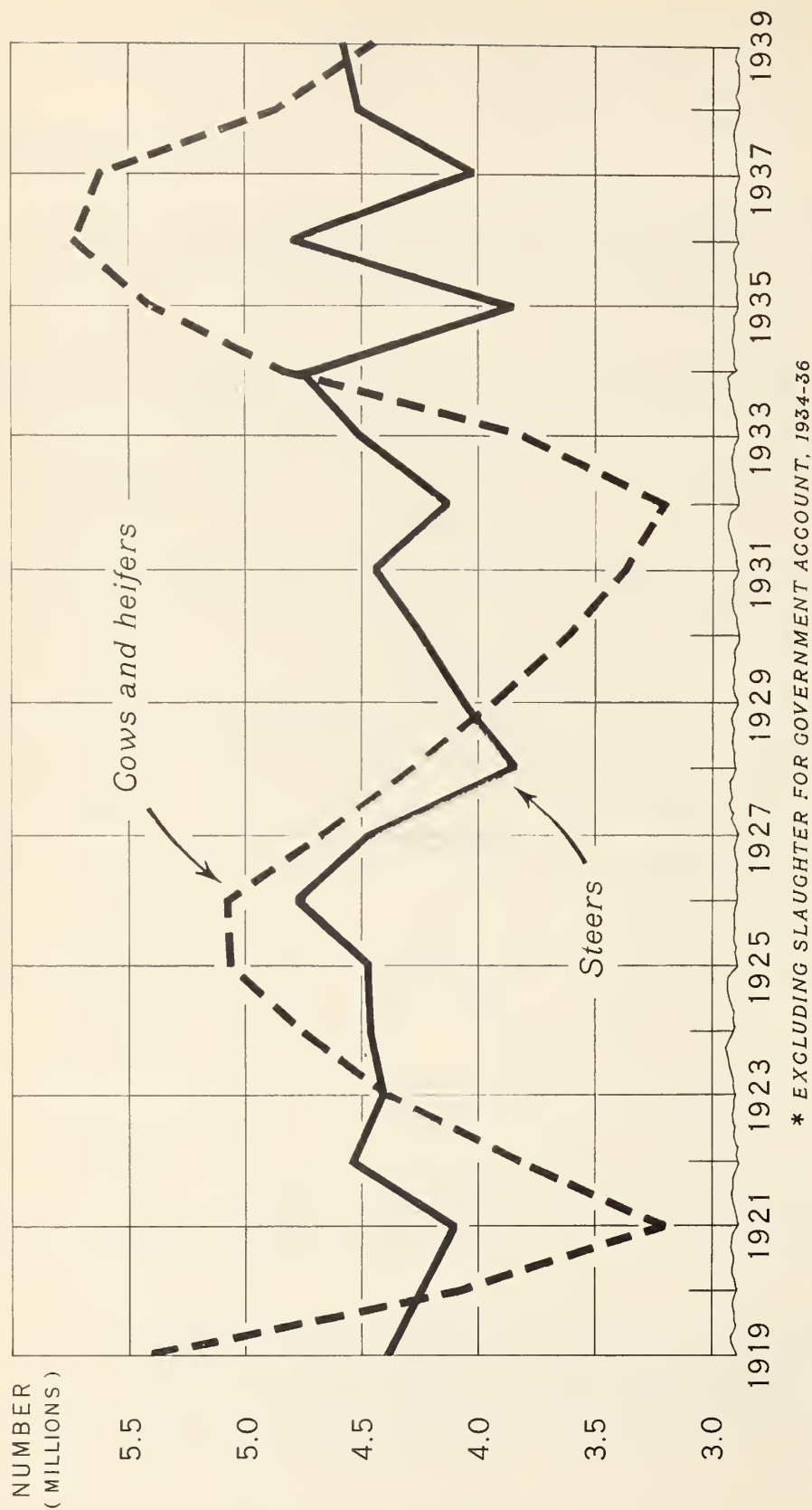
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MOST OF THE MONTH-TO-MONTH VARIATION AND PART OF THE YEAR-TO-YEAR CHANGES IN THE PRICE OF LAMBS MAY BE EXPLAINED BY CHANGES IN SLAUGHTER SUPPLIES. OTHER FACTORS AFFECTING PRICES OF LIVE LAMBS ARE CHANGES IN CONSUMER INCOMES AND CHANGES IN WOOL AND FELT PRICES. LAMB PRICES AVERAGED HIGHER IN 1939 THAN A YEAR EARLIER, LARGELY AS A RESULT OF IMPROVEMENT IN CONSUMER DEMAND FOR MEATS AND HIGHER WOOL PRICES. PRICES OF LAMBS DECLINED MODERATELY IN THE LAST QUARTER OF 1939, AND IN DECEMBER AND JANUARY AVERAGED ONLY SLIGHTLY HIGHER THAN A YEAR EARLIER. SLAUGHTER SUPPLIES OF SHEEP AND LAMBS IN THESE TWO MONTHS WERE LARGER THAN A YEAR EARLIER.

INSPECTED SLAUGHTER OF STEERS, AND COWS AND HEIFERS, UNITED STATES, 1919-39*



U. S. DEPARTMENT OF AGRICULTURE

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FIGURE 1.- SLAUGHTER OF COWS AND HEIFERS IN 1939 WAS ABOUT 9 PERCENT SMALLER THAN IN 1938 AND WAS THE SMALLEST SINCE 1933. THE DECREASE IN COW AND HEIFER SLAUGHTER REFLECTS CHIEFLY THE HOLDING BACK OF BREEDING STOCK TO INCREASE NUMBERS, AND THIS TENDENCY IS EXPECTED TO CONTINUE IN 1940. STEER SLAUGHTER IN 1939 WAS SLIGHTLY LARGER THAN IN 1938 AND EXCEEDED COW AND HEIFER SLAUGHTER FOR THE FIRST TIME IN SIX YEARS. IN 1940 STEER SLAUGHTER MAY BE SOMEWHAT LARGER THAN IN 1939 BECAUSE OF THE PROBABLE INCREASE IN MARKETINGS OF GRAIN-FED CATTLE.

THE LIVESTOCK SITUATION

Summary

The livestock outlook has not changed materially during the past month. As stated in earlier issues of the Livestock Situation, slaughter supplies of livestock in 1940 will be considerably larger than in 1939 with most of the increase in hogs and grain-fed cattle. Although some weakness may develop in consumer demand for meats during the next few months, demand during the spring and summer of this year probably will be stronger than a year earlier. Recent developments indicate that United States exports of cured pork to Great Britain will be restricted in the next few months, but prospects are favorable for a further increase in exports of fresh pork to Canada.

The seasonal decrease in slaughter supplies of hogs, now in progress, probably will continue through March, but marketings will increase seasonally in the late spring and early summer as the movement of fall pigs gets under way in large volume. The 1939 fall pig crop was 16 percent larger than the fall pig crop of 1938, and this will be reflected in substantially larger hog marketings in the last half of the current marketing year (April-September).

Average weights of hogs marketed in January were seasonally heavier than in December but were several pounds lighter than in January 1939. The decrease from a year earlier probably reflects the unfavorable ratio of hog prices to corn prices in the past 2 months.

Slaughter supplies of grain-fed cattle will continue large during the remainder of the winter and spring months. The number and proportion of

well-finished cattle marketed have declined steadily during the past 2 months, but marketings of short-fed cattle have increased considerably. Marketings of cows and heifers declined sharply in 1938 and 1939, following several years of large marketings of breeding stock. If range and feed conditions are favorable this year, marketings of cows and heifers probably will decline somewhat further in 1940.

Marketings of fed lambs have been larger than a year earlier for the past 3 months, reflecting chiefly the increase in the number fed in the Corn Belt. A major part of the movement from that area will be completed by the end of February. With the number of lambs remaining on feed in the Western States in early February smaller than a year earlier, marketings of fed lambs during the remainder of the fed-lamb marketing season, which ends about May 1, may be no larger than in the corresponding period of 1939. Early lamb prospects are favorable in California and Arizona. Fairly heavy losses of early lambs were reported in Texas during January, but marketings of yearlings and early lambs from that State this spring may be larger than a year earlier.

Slaughter of all meat animals in January was larger than in December and the largest for the month in several years. Changes in prices during January and in early February were moderate. Hog prices advanced moderately in late December but declined in January. In early February they were little different from the low level reached about mid-December. Prices of most kinds of cattle tended lower during January. In recent months prices of the better grades of cattle have been well maintained, whereas prices of most other kinds have shown a declining tendency.

Prices of lambs during the last 3 months have averaged slightly higher than a year earlier. Slaughter supplies of sheep and lambs during this period have been slightly larger than a year earlier, but the effect upon prices has been a little more than offset by a stronger consumer demand for meats.

Exports of pork and lard in 1939 were substantially larger than in 1938, reflecting chiefly larger slaughter supplies of hogs in the United States and lower prices of hog products in this country. Exports of pork and lard since last summer have not been stimulated by the European War. Imports of cattle during 1939, chiefly from Canada and Mexico, were considerably larger than in 1938.

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:	A brief review of the hog situation in Canada :
:	is given in this issue. :
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Annual Livestock Inventory, January 1

The annual report of the number and value of livestock on farms, January 1, was released by the Agricultural Marketing Service, February 15.

The number of meat animals on farms on January 1, 1940 was larger than a year earlier; the increase over January 1, 1939 was most pronounced in the North Central (Corn Belt) States. The total number of hogs on farms at the beginning of the year amounted to 58 million head, 18 percent more than on January 1, 1939; the increase in the Corn Belt amounted to 22 percent. The total number of sheep and lambs on farms was only 1 percent larger than a year earlier, and the total number of cattle and calves increased about 3 percent over the January 1, 1939 figure. The number and total value of the several species of livestock are given in the following table. Further details and discussion of the changes in livestock numbers will be given in the March issue of the Livestock Situation.

Number and value of livestock on farms, January 1, 1938-40

Species	Number on farms January 1			Total farm value January 1		
	1938	1939	1940	1938	1939	1940
	1,000	1,000	1,000	1,000	1,000	1,000
	head	head	head	dollars	dollars	dollars
Horses	11,128	10,815	10,616	1,012,217	912,148	822,019
Mules	4,428	4,384	4,321	543,092	515,755	494,902
Cattle	66,083	66,789	68,769	2,417,235	2,568,251	2,790,213
Milk cows	24,834	25,088	25,334	1,352,014	1,397,001	1,449,596
Sheep	52,682	53,783	54,473	322,525	309,280	342,893
Hogs	44,218	49,293	58,312	498,070	552,626	454,280
Chickens	386,573	412,604	429,022	292,142	288,335	258,965
Turkeys	6,146	6,418	8,567	15,398	16,587	18,679

REVIEW OF RECENT DEVELOPMENTS

HOGS

Hog prices decline slightly in
January and early February

After advancing moderately in late December, hog prices declined slightly during January and in early February. The average price of butcher hogs at Chicago for the week ended February 10 was about \$5.15, 35 cents lower than in the first week of January but about the same as the low level reached in mid-December. Hog prices advanced moderately during January last year. The average price of butcher hogs at Chicago in early February 1939 was about \$7.60, or \$2.45 higher than the price in the corresponding week of 1940.

Hog-corn price ratio continues
unfavorable

The ratio of hog prices to corn prices declined sharply in November and December, and with corn prices remaining about steady during January the ratio has continued well below average. In early February the hog-corn price ratio at Chicago was 8.9, compared with 15.8 a year earlier. The average for the past 20 years is about 11.6, and a ratio below that figure generally discourages feeding corn to hogs. This apparently has been true of the past month. Although the average weight of hogs marketed increased seasonally during January, the average at seven principal markets in early February was about 6 pounds lighter than a year earlier. At some markets the average weight was much lighter than a year earlier.

Supplies of hogs continue large in January

Marketings of hogs continued large in January. Federally inspected slaughter for the month totaled 5,356,000 head, about 2 percent larger than in December and 32 percent more than in January last year. Hog slaughter in January last year was smaller than in December. Inspected slaughter in the first 4 months (October - January) of the current hog marketing year totaled 18.6 million head and was about 20 percent larger than in the corresponding period of the 1938-39 season. This increase over a year earlier is about the same as the percentage increase in the 1939 spring pig crop over that of 1938.

Exports of pork and lard increase in 1939

Total exports of pork amounted to 130 million pounds in 1939, about 34 million pounds (35 percent) larger than in 1938. They were also larger than in any other year since 1934. The most pronounced increase over a year earlier was in exports of fresh and frozen pork to Canada, which totaled 21.1 million pounds, compared with only 500,000 pounds in 1938. Exports of bacon, hams, shoulders, and sides also were larger than in 1938.

Exports of lard in 1939 totaling 277 million pounds were 73 million pounds larger than in 1938 and were the largest since 1934. The greatest increase, about 25 million pounds, was in exports to Great Britain, although increased shipments to several South American and continental European countries also were reported.

Exports of pork in December totaled over 17 million pounds, compared with 7 million in November and 8 million in December 1938. They also were larger than in any other month of 1939. The sharp increase in pork exports during December resulted largely from a very large movement of fresh and frozen pork to Canada. With the exception of December, most of the increase in pork exports during 1939 over 1938 occurred during the summer months. Lard exports in December totaled 19 million pounds and were smaller than in December 1938. In every month, except December and October, exports of lard were larger than in the corresponding months of 1938.

The principal factor responsible for the increase in exports of pork and lard in 1939 over a year earlier was the sharp increase in hog supplies in this country and the accompanying lower prices of hog products.

Exports of hog products apparently have not been stimulated by the outbreak of war in Europe. Exports of lard to Great Britain in the last 3 months of 1939 totaled considerably less than in each of the first 3 quarters of the year. Large bacon exports from Canada to Great Britain in recent months, however, may have been partly responsible for the increase in Canadian imports of United States pork.

Recent reports indicate that Great Britain has suspended purchases of bacon and hams from the United States. How long this suspension will be in effect is uncertain. The British Food Ministry announced recently that rationing of fresh and frozen beef, pork, mutton and lamb to the civilian population would commence March 11. Rationing of bacon and hams was initiated in early January, but the ration of 4 ounces per person per week was recently increased to 8 ounces. The ration now in effect probably is about equal to the normal weekly consumption. The ration of fresh and frozen meats has been set at 1 shilling 10 pence worth (37 cents) per person per week. The marked variation in prices of the different kinds of fresh meat probably is the reason for the ration's being placed on a value basis instead of a quantity basis as in the case of bacon and hams.

United States: Exports of fresh or frozen pork, bacon, hams and shoulders, and lard by principal countries, 1938 and 1939

Country	: Fresh or		: Bacon, hams		: Lard ^{1/}	
	: frozen pork		: and shoulders			
	: 1938	: 1939	: 1938	: 1939	: 1938	: 1939
	: Mil.lb.	: Mil.lb.	: Mil.lb.	: Mil.lb.	: Mil.lb.	: Mil.lb.
United Kingdom	6.5	6.8	47.3	52.0	124.8	150.2
Cuba			3.7	3.2	47.5	55.4
Mexico					7.2	10.5
Germany .....			.4	<u>2/</u>	1.5	.4
Canada .....	.5	21.1	2.1	3.8	1.1	3.2
Czechoslovakia			1.9	.6	5.3	.5
Italy					<u>2/</u>	1.9
Venezuela			1.0	1.3	3.5	11.5
Panama .....	.4	.4	.5	.5	1.3	1.7
Ecuador .....					.9	2.5
Haiti .....					.6	.9
Belgium .....			.3	1.3	1.7	8.0
Costa Rica					1.9	3.2
Guatemala .....					.5	.7
Colombia					2.8	15.4
Dominican Republic					1.2	1.5
Malta, Gozo and Cyprus					1.1	2.2
Canal Zone .....	.5	1.0	.7	.9	.3	.4
Newfoundland & Labrador .....	.2	.6	.8	1.2		
Netherland West Indies .....	.2	.3				
Philippine Islands .....	.1	.4	.2	.3		
France .....			.4	<u>2/</u>		
Total	9.3	31.2	61.9	68.5	204.6	277.3

United States Department of Commerce.

^{1/} Includes neutral lard.

^{2/} Less than 50,000 pounds.

Imports of pork products in 1939 totaled only 41 million pounds, compared with 52 million pounds in 1938 and 74 million pounds in 1937. Hams, shoulders, and bacon from Poland and Danzig accounted for 26 million pounds of the total quantity imported in 1939. Because of war conditions, imports from Europe probably will be small in 1940.

Storage stocks of pork and lard increased
seasonally in January

Storage stocks of both pork and lard increased seasonally during January. The into-storage movement of pork amounted to nearly 120 million pounds, and total storage stocks of pork on February 1 amounted to 583 million pounds, or about 60 million pounds more than stocks on February 1 last year but little different from the 1935-39 February 1 average.

Storage stocks of lard increased sharply for the second consecutive month in January. The increase in lard stocks during the month amounted to about 40 million pounds, compared with the record into-storage movement of 73 million pounds during December and 25 million pounds during January last year. The total quantity of lard in storage on February 1 was 202 million pounds, 70 million pounds more than a year earlier and the largest February 1 stocks of lard on record.

Storage holdings of pork and lard on the first of the month, average
1934-35 to 1938-39, annual 1938-39, and
current marketing year

Month	Pork			Lard		
	Average			Average		
	1934-35	1938-39	1939-40	1934-35	1938-39	1939-40
	to			to		
	1938-39			1938-39		
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Oct.	314.6	277.2	300.2	87.6	89.9	78.8
Nov.	323.7	251.6	272.7	69.6	67.7	68.7
Dec.	378.9	299.1	332.3	71.8	74.5	89.0
Jan.	502.0	430.1	459.5	95.6	107.4	162.1
Feb.	584.6	526.4	1/ 537.7	120.5	132.1	1/ 201.8
Mar.	603.7	542.1		126.7	125.3	
Apr.	530.1	523.2		129.9	129.3	
May	561.3	527.2		129.1	129.5	
June	515.7	520.3		129.4	139.3	
July	474.7	496.8		130.2	148.4	
Aug.	422.6	454.8		121.2	139.8	
Sept.	361.9	360.9		101.8	110.4	

Compiled from reports of the Agricultural Marketing Service

1/ Preliminary.

BEEF CATTLE

Prices of most kinds of cattle
weaken during January

Prices of most kinds of cattle tended lower during January. Prices of well-finished slaughter steers advanced moderately near the middle of the month but weakened in late January and in early February. Prices of short-fed steers and of cows and heifers declined during most of this period. The average price of good grade beef steers at Chicago for the week ended February 10 was about \$9.40 compared with \$9.45 in the first week of January and \$10.00 in the corresponding week of 1939. Prices of stocker and feeder cattle declined moderately during January.

From late March through early August last year the drop in prices of better grades of slaughter steers was more pronounced than the decline in prices of other kinds of cattle. In recent months, however, prices of the better grades have been well maintained, whereas prices of most other kinds have shown a declining tendency. In early February, prices of the choice, prime, and good grades of slaughter steers were not greatly different from the level that prevailed from October through January. Prices of medium grade slaughter steers, slaughter heifers and cows, and stocker and feeder cattle were somewhat lower in early February than in the last quarter of 1939. Prices of nearly all kinds of cattle were lower in early February than a year earlier.

Marketings of cattle and calves
increased in January

Marketings of both cattle and calves were substantially larger in January than a month earlier. The number of cattle slaughtered under Federal inspection in January totaled 827,000 head compared with 773,000 head in December and 761,000 head in January last year. Inspected calf slaughter totaling 416,000 head was 35,000 head larger than in December but was only slightly larger than in January 1939. The increase in slaughter supplies of cattle in January reflects the large number of cattle put on feed last summer and fall. The number and proportion of well-finished cattle marketed has decreased steadily during the past 2 months, but marketings of short-fed cattle have increased considerably.

Imports of cattle increase sharply in 1939

About 75 percent more cattle were imported by the United States in 1939 than in 1938. The total number of cattle imported during the year amounted to slightly more than 763,000 head, about 37 percent of which were from Canada and 63 percent from Mexico.

Increases occurred in all classes of imported cattle in 1939, but the largest increase over 1938 was in non-quota cattle, weighing from 200 to 699 pounds, mostly from Mexico. The number of such cattle imported from Mexico in 1939 totaled 390,000 head, 156,000 head more than in 1938. High prices of

stocker and feeder cattle in the United States, drought in northern Mexico, and unsettled economic conditions in that country were largely responsible for the increase. The duty on such cattle is 2.5 cents per pound.

Imports of Canadian cattle weighing 700 pounds and over, other than dairy cows, totaled 173,000 head and were over twice as great as in 1938.

Under the terms of the 1938 trade agreement with Canada, imports from all countries of cattle weighing 700 pounds and over, exclusive of cattle for dairy purposes, are permitted entry at a duty of 1.5 cents per pound up to 225,000 head annually. Imports in excess of this quota are subject to the full duty of 3 cents per pound. Total imports of that class of cattle reached 228,000 in 1939, 221,000 of which were admitted at the reduced duty. Of these Canada supplied 171,000 head and other countries (Mexico) 50,000 head. The total number of cattle to be admitted at the reduced rate of duty in 1940 is again 225,000 head, 193,950 of which have been allocated to Canada.

United States: Imports of cattle, by classes from
Canada, Mexico, and all countries, 1936 to 1939

Year	All countries					
	Less than 200 lb. 1/		200-699 lb. 2/		700 lb. and over	
					For dairy purposes	For breeding
	Number		Number		Number	Number
1936	57,314	176,435	6,639	153,675	11,166	410,299
1937	82,052	223,837	6,723	182,333	12,379	507,324
1938	47,708	243,553	7,446	125,315	9,631	433,653
1939	115,092	461,720	8,606	227,996	10,083	763,497
	Canada					
	Number		Number		Number	
1936	55,695	35,149	6,686	136,533	10,346	244,409
1937	80,792	50,355	6,723	157,463	11,351	306,689
1938	45,645	9,147	7,442	75,523	9,080	146,843
1939	81,832	11,229	8,570	172,753	9,599	283,983
	Mexico					
	Number		Number		Number	
1936	1,615	140,439	---	21,992	684	164,730
1937	1,259	172,717	---	24,792	692	199,460
1938	2,062	233,752	---	49,740	383	235,937
1939	33,259	390,074	---	55,232	267	478,832

United States Department of Commerce.

1/ Less than 175 pounds prior to January 1, 1937.

2/ 175-699 pounds prior to January 1, 1939.

Imports of beef in 1939 also were larger than in 1938. Imports of canned beef, chiefly from Argentina, Uruguay, and Brazil totaled nearly 86 million pounds and were about 9 percent larger than in 1938. Total imports of beef and veal totaled 90.6 million pounds.

LAMBS

Lamb prices decline in early February

Lamb prices strengthened moderately during the first 3 weeks of January but declined somewhat in the latter part of the month and in early February. The average price of good and choice slaughter lambs at Chicago for the week ended February 10 was \$8.90, about 10 cents lower than a month earlier but about 10 cents higher than in early February last year. Lamb prices have not differed greatly from a year earlier for the past 3 months. Slaughter supplies of sheep and lambs have been somewhat larger than a year earlier during this period, but the effect upon prices has been slightly more than offset by a stronger demand for meats in the latter part of 1939 and early 1940 than a year earlier.

Slaughter supplies of sheep and lambs increase in January

Marketings of sheep and lambs, consisting of a large proportion of fed lambs, increased sharply in January. Federally inspected slaughter for the month totaled 1,598,000 head, 209,000 head more than in December and 142,000 head more than in January last year. Marketings of fed lambs have been larger than a year earlier for the past 3 months, reflecting chiefly the increase in the number fed in the Corn Belt.

OUTLOOK - HOGS

As the outlook for hogs has not changed materially during the past month, the following important points have been summarized from the January issue of The Livestock Situation.

(1) Slaughter supplies of hogs in the 1939-40 marketing year, which began last October, will be materially larger than in 1938-39. Present indications are that inspected slaughter in 1939-40 will total about 48 million head. This compares with 39.7 million head in 1938-39 and 34.6 million head in 1937-38. The average inspected hog slaughter in the 5 years before the 1934 drought was 46.4 million head.

(2) The 1940 pig crop is expected to be smaller than that of 1939, and the slaughter supplies of hogs in 1940-41 probably will be smaller than in 1939-40. On the basis of breeding intentions reported about December 1, the number of sows to farrow in the spring of 1940 was indicated to be about the same as in the spring of 1939. Since December 1, however, the ratio of hog prices to corn prices has been unfavorable for hog production. As this ratio is expected to continue unfavorable in most of 1940, it is probable that both the spring and fall pig crops this year will be smaller than the crops of 1939.

(3) For the entire year 1940 incomes of consumers are expected to average higher than in 1939. This will mean a stronger consumer demand for meats and lard. The effects of the improvement in consumer demand upon hog prices, however, will offset only partly the effects of the increase in supplies of hogs.

Prospects for foreign demand in 1940

Earlier issues of The Livestock Situation stated that the European War might result in some increase in exports of pork and lard in 1940. Recent developments, however, indicate that little increase can be expected because of the war in the first half of 1940 at least. Great Britain apparently is attempting to secure the bulk of her imported meat supplies from countries other than the United States. It is probable, however, that the large British takings of Canadian bacon in 1940 will cause some increase in United States exports of pork to Canada.

Some increase in lard exports in 1940 is expected. Shipments of lard to Great Britain, usually our most important customer, may be no larger in 1940 than in 1939. Lard exports to certain neutral European countries and to South American and Central American countries may be larger this year than last, but such increases probably will be due chiefly to the relatively large supply and low prices of United States lard.

Seasonal changes in hog marketings

The seasonal decrease in the supplies of hogs which began about mid-January probably will continue through March. But marketings will increase seasonally in the late spring and early summer as marketings of fall pigs get underway in large volume. The 1939 fall pig crop was 16 percent larger than the pig crop of 1938, and this will be reflected in substantially larger hog marketings in the last half of the current marketing year (April-September) than in the corresponding period of 1939.

OUTLOOK - CATTLE

As indicated in the January issue of The Livestock Situation, marketings of grain-fed cattle during 1940 are expected to be materially larger than in 1939. The number of cattle on feed for market on January 1 was considerably larger this year than last in both the Corn Belt States and the Western States. The increase in marketings of fed cattle over a year earlier is expected to be most pronounced in the first half of this year. The increase in marketings of short-fed cattle probably will be greater than the increase in the marketings of long-fed, well-finished cattle.

Further increase in cattle numbers expected in 1940

The holding back of breeding stock on farms and ranches to increase cattle numbers in the past 2 years was reflected in a decrease in the slaughter of cows and heifers in 1939. If range and feed conditions this

year are favorable, the tendency to increase numbers will continue and marketings of cows and heifers probably will decline somewhat further in 1940.

Steer slaughter was larger than cow and heifer slaughter in 1939 for the first time in the past 6 years. With larger marketings of grain-fed cattle, steer slaughter in 1940 is expected to be somewhat larger than in 1939. Average weights of cattle marketed in 1940 may be somewhat heavier than last year, and total beef supplies probably will be as large as or larger than the supplies in 1939.

Cattle prices

Although the stronger consumer demand for meats in 1940 than in 1939 will be a strengthening influence to prices on all kinds of slaughter cattle, the effects of this upon cattle prices will be offset or more than offset by the larger total meat supplies.

An important strengthening factor for the prices of the lower grades of slaughter cattle in the past year has been the strong demand for stocker and feeder cattle. This demand may not be so strong in 1940 as in 1939. Feed prices are generally higher than last year, and returns from cattle feeding operations will be less favorable in the first half of 1940 than in the first half of 1939.

OUTLOOK - LAMBS

Marketings of sheep and lambs during the remainder of the fed-lamb marketing season, which ends about May 1, may be no larger than in the corresponding period last year. Marketings of fed lambs were larger than a year earlier during the past 3 months, but a major part of the movement of fed lambs from the Corn Belt, where most of the increase in lamb feeding took place, will be completed by the end of February. Reports indicate, however, that marketings of yearlings from Texas will be larger this spring than last.

Early lambs

Early lamb prospects are good in California and Arizona, and early lambs in these States are developing rapidly. Last spring there was a large early movement of lambs from California because of a shortage of pasture. Heavy rainfall in that State during January indicates that pastures will be better this spring than last and that shipments of early lambs from California will be later this spring than in the spring of 1939. Losses of early lambs in January in Texas were reported to be fairly heavy because of unfavorable weather. Spring feed prospects, however, are favorable in Texas and marketings of early lambs from that State may be larger than last spring.

Sheep in the Western range States generally are wintering in good conditions, and losses have been light. Severe weather and snow in January

caused some shrinkage in the condition of sheep in the areas east of the Continental Divide, but west of the main range there was a general improvement in the condition of sheep. Considerable supplementary feeding of sheep has been necessary where ranges have been covered by snow.

Wool Situation 1/

Domestic supply conditions are relatively favorable for the marketing of the 1940 wool clip in the United States in that the carry-over of wool in this country into the new marketing season, which begins about April 1, is expected to be smaller than that of a year earlier.

Domestic mill consumption in 1940, on the other hand, may not be so large as in 1939. For several years there has been a decided tendency for a decrease in consumption to follow a year of increasing consumption. Consumption has been large for the last 18 months. In 1939 mill consumption was 30 percent greater than in 1938; except for 1935, it was larger than in any recent year. Consumer incomes in 1940 probably will be greater than in 1939, however, and the stimulating effect of this upon retail sales will be a strengthening influence on domestic mill consumption of wool.

United States imports of apparel wool for consumption totaled 98 million pounds in 1939 compared with 51 million pounds in 1938 and a 5-year 1937-39 average of 78 million pounds. Because of the small supplies of domestic wool available, imports of wool into the United States in the early part of 1940 are likely to be larger than at any time since early 1937.

Total stocks of apparel wool held by dealers and manufacturers and on farms and ranches and in local warehouses in the Western States at the end of December 1939 were 32 million pounds smaller than a year earlier and were the smallest December 31 stocks in the 6 years of record.

Production of wool in Australia in the 1939-40 season is expected to total about 1,090 million pounds. This preliminary estimate is 11 percent larger than the 1938-39 clip, which was officially estimated at 985 million pounds. The largest production previously reported for Australia was that of 1932-33, when 1,063 million pounds were produced. The entire Australian clip for 1939-40, exclusive of the quantity needed for Australian consumption, was purchased by the British Government. Small shipments were made in December to France and to the United States.

Sales of domestic wool at Boston were small in January, and prices declined in the latter part of the month. Chief interest in the wool market was in foreign wools, which are now arriving in quantity. Prices of domestic wools in recent months have been higher than prices (duty paid) of similar wools from South Africa and South America.

1/ From Summary of the February 1940 issue of The Wool Situation. For detailed information, copies of this publication may be obtained upon request from the Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

HOG SITUATION IN CANADA 2/

The volume of pork produced in Canada in 1940 probably will be materially larger than in 1939. Partly as a result of the British-Canadian Bacon Agreement recently concluded, Canadian exports of bacon will be considerably greater this year than last. With prospects favorable for the continuation of the current wide spread between prices of hogs and pork in the United States and prices in Canada, it is expected that pork exports from the United States to Canada will increase further in 1940.

Recent trends in Canadian hog production

The number of hogs on farms in Canada increased sharply in 1939, following a downward tendency in most of the period from 1924 through 1938. The number of hogs on December 1, 1939 probably was around 4.5 million head, or roughly about 25 percent greater than the number on farms on December 1, 1938.

The total supply of hogs available for slaughter in 1940 will be considerably larger than in 1939. The 1939 fall pig crop in Canada was larger than that of 1938, and the 1940 spring pig crop is expected to show an increase over that of 1939. These increases in pig crops will be reflected in larger marketings and slaughter in Canada in 1940 than in 1939. Inspected hog slaughter this year may exceed that of 1939 by 25 percent or more.

Since 1930 total hog slaughter in Canada has fluctuated around 6 million head annually, but hog slaughter at inspected plants, where most of the bacon for export is produced, has increased sharply since 1930. Hog production and slaughter was reduced somewhat in 1938 because of shortage of feed supplies. More abundant feed supplies and high hog prices in relation to feed prices in the past year have been largely responsible for the recent increase in production.

Hogs produced in Canada are chiefly of the bacon type, and pork exported is mostly Wiltshire sides (cured half carcasses). In the trade statistics of many countries Wiltshire sides are commonly referred to as bacon. In order to promote a large volume of exports to Great Britain, bacon hog production in Canada has been encouraged for a number of years by the Canadian Government. Cured pork produced from Canadian hogs, therefore, is more desirable for the bulk of the British trade than is cured pork from most hogs raised in the United States.

Increase expected in Canadian bacon exports in 1940

Exports of bacon from Canada this year will be larger than last, partly because of the increase in hog production in Canada and partly because British

2/ Taken partly from reports of the Office of Foreign Agricultural Relations of the United States Department of Agriculture.

imports of bacon from some other sources have been curtailed as a result of the war. In recent years Canada has been the second most important source of British bacon imports and, because of war conditions, special efforts are being made to increase Canadian bacon exports this year.

In late 1939 it was announced that an agreement had been concluded by the Canadian Government and the British Food Ministry whereby Canada would ship bacon to Great Britain at a rate ranging between 4.4 and 5.6 million pounds per week through October 1940. A Canadian Bacon Board has been created to control shipments, sales, and prices of bacon. According to the agreement, the British Food Ministry will pay \$18.02 (Canadian currency) per 100 pounds at the Canadian seaboard for any type or size of Grade A Wiltshire sides. This price is equivalent to about \$15.68 per 100 pounds in United States currency.

The sale of bacon to the British Food Ministry will be conducted by the Canadian Bacon Board. The Board will buy bacon from packers, and a schedule of prices (based on grade and weight) which will be paid packers has been announced. The price differentials for grade and weight have been established, in order that producers will receive higher prices for the kind of hogs ordinarily most desirable for the British market.

In 1939 Canadian bacon exports to Great Britain totaled about 187 million pounds compared with about 170 million pounds in 1938. In recent months Canadian shipments have been much larger than those of a year earlier.

A recent announcement from the Canadian Bacon Board states that the Board is prepared to deliver 5.6 million pounds of bacon weekly to Great Britain and perhaps additional quantities as they are required. It is also stated that Canadian bacon production recently has been somewhat in excess of export requirements and that 500 thousand pounds of bacon per week were being stored in Canada. If shipments average 5.6 million pounds per week for all of 1940, exports for the entire year will total about 290 million pounds. This compares with the record shipments since the World War of about 190 million pounds in 1937.

If Canadian bacon exports in 1940 should total about 290 million pounds, the increase in exports over 1939 would be about 100 million pounds. About 870,000 hogs, weighing 200 pounds, would be required for the production of 100 million pounds of Canadian bacon. It seems probable that the increase in hog slaughter in 1940 over that of 1939 will be large, but whether it will equal 870,000 hogs is uncertain.

Bacon exports from Canada to Great Britain have been increasing since 1932. In that year only 31 million pounds were exported, whereas in 1937 exports amounted to 192 million pounds. During the World War, 1914-18, Canadian bacon exports increased sharply, and in 1919 they totaled 241 million pounds. Exports continued fairly large in the early 1920's, but after about 1925 they were reduced considerably.

Canada: Hog numbers on June 1, inspected slaughter, total slaughter, and exports of bacon and hams, 1919, 1924, and 1929-39

Year	Hog	Hog slaughter		Exports of bacon and hams	
	numbers	Inspected	Total	United Kingdom	Total
	June 1				
	Thousands	Thousands	Thousands	Million pounds	Million pounds
1919	4,040	2,332	5,526	240.7	245.3
1924	5,069	2,914	6,625	112.0	113.4
1929	4,382	2,353	5,747	25.8	28.8
1930	4,000	1,926	5,248	13.0	14.8
1931	4,717	2,243	6,165	11.0	12.8
1932	4,639	2,723	6,286	30.7	35.8
1933	3,801	2,802	5,814	71.5	73.3
1934	3,654	2,872	5,591	119.7	120.4
1935	3,549	2,806	5,415	124.3	125.3
1936	4,145	3,563	6,271	154.8	158.0
1937	3,963	3,802	5,986	192.1	195.6
1938	3,487	3,137	1/	169.5	170.8
1939	4,294	3,628	1/	186.5	187.8

Compiled from official sources.

1/ Not available.

Under the terms of an agreement concluded at the Imperial Economic Conference in Ottawa in 1932, Canada was permitted to ship up to 280 million pounds of bacon to Great Britain annually without restriction. In late 1932 the British Government instituted a program for restriction of imports of bacon and hams from non-British Empire countries. After 1932 total British imports of bacon were sharply reduced, but imports from Canada increased. Following the outbreak of the European War in September 1939, import quotas for bacon and hams in Great Britain were suspended, and imports were placed under complete control of the British Government.

Larger exports of pork from the United States to Canada in prospect

Although the increase in Canadian hog slaughter in 1940 may be about equal to the increase in Canadian bacon exports, it seems probable that shipments of fresh pork from the United States to Canada will increase further this year. The volume of pork produced in the United States in 1940 will be the largest in many years, and the spread between hog prices in the United States and in Canada is now relatively wide. The average price of bacon hogs at Toronto in early February was \$7.80 (United States currency). For the same period the average price of hogs of comparable weight at Chicago was about \$5.40 per 100 pounds. A comparison of prices of similar kinds of pork in Canada and in the United States probably would also show a relatively wide spread. The current spread between pork prices in the United States and in Canada probably is somewhat greater than the cost of shipping pork to Canada plus the Canadian duty. Hogs exported to Canada from the United States are

subject to a 30-day quarantine at the Canadian border. This quarantine probably will prevent any considerable movement of live hogs to Canada from the United States. Exports, therefore, are chiefly in the form of pork.

Exports of pork from the United States to Canada in 1939 were much larger than in 1938. Total United States exports of fresh pork to Canada last year amounted to 21 million pounds, and in December 1939 exports totaled nearly 5 million pounds.

The increase in Canadian exports of bacon since 1932 has been accompanied by a decrease in the consumption of pork in Canada as production did not increase much during this period. Canadian consumption of beef, on the other hand, has increased to some extent in recent years. Cattle numbers in Canada, however, have been reduced in recent years, and with better feed conditions it is probable that there will be some tendency to increase cattle numbers in the next year or two. An increase in cattle numbers probably would mean a reduction in cattle slaughter and beef supplies. Thus, it may be that, if total meat consumption in Canada is to be maintained in the face of increasing bacon exports and reduced beef production, an increase in pork imports from the United States will occur.

The increase in exports of pork from the United States to Canada in 1940 may be fairly large percentagewise. In 1919, when exports of Canadian bacon to Great Britain totaled about 241 million pounds, imports of pork into Canada from the United States amounted to 72 million pounds. Canadian imports of pork from the United States in 1940 probably will not exceed the 1919 total, and they might be considerably less than that figure. Such a quantity would be small in relation to the production of pork in the United States. Pork production under Federal inspection in this country in 1940 probably will be in excess of 6 billion pounds.

For many years there has been a relatively small volume of trade in hogs and hog products between the United States and Canada. Canada imports some pork and lard each year and, in some years, live hogs from the United States. On the other hand, the United States usually imports some pork from Canada. Some of the imports of pork from Canada have been specialty products, ordinarily not processed in this country in large volume. Other imports of pork from Canada are largely for consumption along the border, where Canadian products can be shipped in more cheaply than pork from other areas of the United States. Imports of pork and lard are subject to duties in both countries. These duties were reduced by the trade agreements between Canada and the United States, concluded in 1935 and 1938. The present Canadian duty on imports of fresh pork is 1-1/4 cents per pound.

Supplies of hogs and hog products, specified periods

Item	Unit				Oct.-Sept.			Oct.-Dec.	
		Dec.	Nov.	Dec.	Av.				
		1938	1939	1939	1928-29 to 1932-33	1937-38	1938-39	1938	1939
Hog slaughter under Federal inspection:	Thou-								
No. slaughtered <u>1/</u>	sands	4,346	4,437	5,235	46,363	34,580	39,720	11,570	13,218
Live weight:									
Average	Pound	230	228	232	231	234	234	225	229
Total	Mil.lb.	1,002	1,010	1,215	10,723	8,089	9,311	2,608	3,032
Total dressed weight	" "	757	754	907	8,069	6,046	6,975	1,940	2,261
Yield of lard per 100 pounds live weight									
of hogs	Pound	13.5	13.7	14.4	15.2	12.4	13.3	12.6	13.6
Production of lard	Mil.lb.	135	138	175	1,630	1,002	1,232	330	415
Exports: <u>2/</u>									
Pork	Mil.lb.	8	7	17	211	89	125	26	31
Lard	" "	19	26	19	657	208	270	56	64
Imports of pork <u>2/</u>	" "	5	1	1	6	57	50	12	3
Proportion of sows in inspected slaughter <u>3/</u>	Pct.	42.9	46.5	45.0	51.2	49.9	49.3	44.6	46.3

Agricultural Marketing Service, except as specified. 1/ Bureau of Animal Industry.2/ United States Department of Commerce. Pork includes bacon, hams and shoulders, and fresh, canned and pickled pork. Lard includes neutral lard. 3/ Includes gilts.

Prices of hogs and hog products, specified periods

Item	Unit				Oct.-Sept.			Oct.-Jan.	
		Jan.	Dec.	Jan.	Average:				
		1939	1939	1940	1928-29 to 1932-33	1937-38	1938-39	1938-39	1939-40
Av. price, all purchases:	Dol. per:								
Seven markets	100 lb.	7.21	5.24	5.19	<u>1/</u>	8.33	6.85	7.40	5.72
Chicago	" "	7.30	5.38	5.32	6.99	8.47	7.00	7.51	5.88
Av. price of barrows and gilts, Chicago	" "	7.37	5.45	5.40	<u>1/</u>	8.76	7.23	7.57	5.98
U.S. average price received by farmers	" "	6.96	5.03	5.18	6.48	8.07	6.70	7.10	5.65
Av. price of No. 3 Yellow corn, Chicago	Ct. per bu.	52	56	59	62	57	49	48	53
Hog-corn price ratio:									
Chicago <u>2/</u>	Bu.	14.2	9.6	9.0	11.6	14.8	14.4	15.6	11.2
No. Central States	"	16.7	10.6	10.5	12.9	17.6	16.6	18.4	12.7
Proportion of packing sows in total packer and shipper purchases, 7 markets <u>3/</u>	Pct.	4.0	5.0	5.0	<u>1/</u>	13.0	13.0	6.8	7.8
Av. weight at 7 markets	Pound	244	236	240	<u>1/</u>	246	247	233	236

Agricultural Marketing Service. 1/ Not available. 2/ Number of bushels of corn equivalent in value to 100 pounds of live hogs. 3/ Monthly figures computed from weekly averages.

Slaughter and market supplies of cattle and calves,
specified periods

Item	Unit	Year		Month				
		Average:		1938-39		1939-40		
		1924-33:	1939	Dec.	Jan.	Nov.	Dec.	Jan.
Slaughter under Federal inspection:								
Number slaughtered-	Thou-							
Cattle 1/	sands	8,850	9,446	758	761	837	773	827
Calves 1/	"	4,819	5,264	417	415	450	381	416
Cows and heifers	"	4,181	4,446	405	393	428	360	
Steers	"	4,340	4,583	328	339	379	385	
Average live weight-								
Cattle	Pound	953	943	933	947	951	967	
Calves	"	176	191	189	180	203	192	
Total dressed weight-								
Cattle	Mil.lb.	4,532	4,803	373	384	422	405	
Calves	" "	437	559	43	42	50	40	
Inspected shipments: 1/	Thou-							
Feeder cattle and calves ..	sands	2,394	3,173	224	179	422	200	
Imports:								
Cattle 2/	"	253	764	40	115	62	29	
Canned beef 3/	Mil.lb.	4/ 36	86	7	4	4	3	

Agricultural Marketing Service, except as specified. 1/ Bureau of Animal Industry. 2/ United States Department of Commerce. General imports prior to 1934, beginning January 1, 1934, imports for consumption. 3/ United States Department of Commerce. Imports for consumption. 4/ Figures include "other canned meats" prior to 1929

Price per 100 pounds of cattle and calves, January 1940,
with comparisons

Item	Jan. average: 1924-33:	Jan. 1938	Jan. 1939	Nov. 1939	Dec. 1939	Jan. 1940
Beef steers sold out of first hands at Chicago:	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Choice and Prime	12.20	9.37	12.19	10.24	10.50	10.94
Good	10.61	8.29	10.35	9.52	9.44	9.44
Medium	9.19	7.22	8.76	8.39	8.44	8.43
Common	7.82	6.41	7.36	7.30	7.17	7.40
All grades	9.69	8.13	10.35	9.63	9.59	9.46
Cows, Chicago:						
Good	1/ 6.77	6.33	7.16	6.79	6.72	6.76
Low cutter and Cutter	2/ 4.09	4.57	4.92	3/4.64	3/4.60	3/4.86
Vealers, Chicago:						
Good and Choice	11.43	10.63	9.96	9.91	9.91	11.47
Stocker and feeder steers, Kansas City:						
Average price, all weights	4/ 8.06	6.98	8.52	7.95	7.96	8.07
Average price paid by packers:						
All cattle	7.45	6.40	7.70	7.28	7.52	
Steers	5/	5/	9.30	9.05	8.98	
Calves	9.50	7.88	8.69	7.66	8.08	

Agricultural Marketing Service. 1/ Good and Choice, 1924-27. 2/ Canner and Cutter, 1924 - June 1926. 3/ Average of Cutter and Common, and Canner. 4/ Average 1925-33. 5/ Not available.

Supplies of sheep and lambs, specified periods

Item	Unit	Year		Month					
		Av.		Av. 1924-33	1938-39	1939-40			
		1924-33	1939	Dec.	Jan.	Dec.	Jan.	Nov.	Dec.
Slaughter under Federal inspection:									
Sheep and lambs:									
Number slaughtered 1/	Thou- sands	14,737	17,241	1,202	1,219	1,347	1,456	1,469	1,389
Average live weight	Pound	81	86	84	86	88	91	87	89
Average dressed weight	do.	39	40	40	40	41	42	40	42
Total dressed weight	Mil. lb.	569	694	47	49	55	61	59	58
Lambs and yearlings:	Thou-								
Number slaughtered:	sands	13,678	16,137	1,117	1,134	1,265	1,374	1,373	1,321
Percentage of total sheep and lambs	Percent	92.8	93.6	92.9	93.0	93.9	94.4	93.5	95.2

Agricultural Marketing Service, except as specified. 1/ Bureau of Animal Industry.

Prices per 100 pounds of sheep and lambs, by months, November-January, 1938-40

Item	1937-38			1938-39			1939-40		
	Nov.	Dec.	Jan.	Nov.	Dec.	Jan.	Nov.	Dec.	Jan.
Slaughter lambs, Chicago:	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Good and choice 1/	9.46	8.70	8.02	8.84	9.02	8.92	9.25	8.87	9.09
Slaughter ewes, Chicago:									
Common and medium	2.84	2.97	3.08	2.80	2.91	2.97	2.86	2.91	3.14
Feeding lambs, Omaha:									
Good and choice ...	8.70	7.95	7.49	7.84	8.07	8.23	8.41	8.15	8.48
Average price paid by packers:									
Sheep and lambs ...	8.55	8.18	7.74	7.90	8.31	8.46	8.26	8.30	
Average price received by farmers:									
Sheep	3.95	3.86	3.67	3.53	3.69	3.83	3.83	3.79	3.86
Lambs	7.87	7.48	7.15	6.82	7.08	7.33	7.48	7.38	7.57

Agricultural Marketing Service. 1/ Lots averaging within top half of good grade.

Index numbers of income of industrial workers, and cash income from meat animals, specified periods

Item	Calendar year			Dec.	Nov.	Dec.
	1937	1938	1939	1938	1939	1939
Income of industrial workers (1924-29 = 100)	94	73	1/83	80	93	93
Cash farm income from meat animals: (1924-29 = 100)	83	78	1/82	78	87	80

1/ Tentative estimate.